

## Message Text

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12

ACTION NEA-16

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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AGR-20 SWF-02 DRC-01 /220 W  
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R 250730Z JUL 74

FM USDEL RIYADH

TO SECSTATE WASHDC 4

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

DEPT OF TREASURY

C O N F I D E N T I A L USDEL RIYADH 32

TREASURY PASS SECRETARY SIMON FROM PARSKY

E.O. 11652: GDS

TAGS: EAID, SA

SUBJECT: FIRST WORKING GROUP (INDUSTRIALIZATION) AGREEMENT  
SIGNED

REF USDEL RIYADH 29

FULL TEXT OF AGREED REPORT OF INDUSTRIALIZATION GROUP SET  
FORTH IN TELEGRAM REF USDEL RIYADH 29. DETAILED SUMMMARY  
FOLLOWS:

1. SUMMARY: THE U.S.-SAUDI JOINT GROUP ON INDUSTRIALIZATION  
SIGNED AN AGREED REPORT OF THE MEETING CALLING FOR 1) IMMEDIATE  
DETAILING OF FIVE U.S. TECHNICIANS TO SURVEY STATISTICAL,  
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CUSTOMS, ENVIRONMENTAL AND PORT PROBLEMS IN AUGUST; 2) THE

EARLY NEGOTIATION OF A TECHNICAL COOPERATION AGREEMENT;  
3) IDENTIFICATION OF A LONG SERIES OF OTHER PROBLEM AREAS  
ON WHICH THE U.S. WILL CONTRIBUTE TECHNICIANS TO SEEK  
SOLUTIONS; 4) THE POSSIBLE USE OF THE CORPS OF  
ENGINEERS TO BUILD SAUDI PUBLIC INFRASTRUCTURE  
NEEDED FOR INDUSTRIALIZATION; 5) THE USG TO BRING TO U.S.  
PRIVATE SECTOR SPECIFIC PROJECTS PRESENTED BY SAG.

THE SAUDI TEAM PROBED U.S. INTENTIONS AND APPEARED  
VERY SATISFIED WITH OUR SERIOUSNESS, ARE PREPARING  
TO COME TO WASHINGTON IN SEPTEMBER FOR FURTHER TALKS  
BEFORE THE MEETING OF THE JOINT U.S.-SAUDI  
COMMISSION LATER IN THE AUTUMN. END SUMMARY.

2. THE U.S.-SAUDI JOING GROUP ON INDUSTRIALIZATION MET  
IN RIYADH JULY 21-23 AND NEGOTIATED AN AGREED MINUTE  
OF THE 15 HOURS OF SESSION CALLING FOR A WHOLE SERIES  
OF IMMEDIATE AND LONGER-RANGE AREAS OF COOPERATION.  
THE SAUDI SIDE OUTLINED THEIR NEEDS AND DESIRES IN THE  
INDUSTRIAL FIELD AND SUBMITTED LISTS OF PROJECTS IN  
BOTH THE HYDRO-CARBON AND NON-HYDROCARBON FIELDS.  
POSSIBLE INVESTMENT IN THE DOZENS OF LARGE AND SMALL  
PROJECTS TOTAL MORE THAN 17 BILLION WITH ALL BUT 400  
MILLION DOLLARS OF IT IN THE EXPORT-ORIENTED HYDROCARBON  
FIELD.

3. THE U.S. SIDE AGREED TO ASSIST THE SAUDI GOVERNMENT  
THROUGH ASSIGNING SHORT-TERM EXPERTS IMMEDIATELY IN  
FOUR FIELDS: STATISTICAL, CUSTOMS, ENVIRONMENTAL AND  
PORT PROBLEMS. THESE ARE TO BE FOLLOWED ALMOST  
IMMEDIATELY (IN SEPTEMBER) BY FURTHER EXPERTS IN THE  
GENERAL FIELDS OF IMPROVING STANDARDS IN CONSTRUCTION,  
HELP IN MANUAL FISHERIES, COMMUNICATIONS, AND ADVISE ON  
PATENTS AND COPYRIGHTS. SAUDI ARABIA IS ALSO INTERESTED  
IN HELP IN ESTABLISHING A DOMESTIC FINANCIAL MARKET AND  
IMPROVING COMMERCIAL REGULATIONS.

4. THE U.S. WILL ALSO ASSIST IN ACTUAL PROJECT IMPLE-  
MENTATION, BY INCREASING SAUDI CAPABILITY IN PREPARING  
AND EVALUATING FEASIBILITY STUDIES, INDUSTRIAL PROFILES,  
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INDUSTRIAL INFORMATION AND DOCUMENTATION AND ASSISTANCE  
IN CONSTRUCTION, FOOD AND THE ELECTRONIC INDUSTRIES.  
ALTOGETHER, ASSISTANCE HAS BEEN PROMISED IN 12 CATEGORIES.

5. THE SAUDIS AGREED TO LOOK AT TAX POLICIES AND THE  
DEVELOPMENT OF A PATENT LICENSING SYSTEM, PLUS NEGOTIATING  
AN AGREEMENT PERMITTING THE OPERATION OF THE OVERSEAS  
PRIVATE INVESTMENT CORPORATION TO ISSUE INSURANCE ON

INVESTMENTS IN SAUDI ARABIA.

6. MOST IMPORTANT WAS THE AGREEMENT TO EXPEDITE THE NEGOTIATION OF A U.S.-SAUDI TECHNICAL COOPERATION AGREEMENT. U.S. PERSONNEL WOULD BE ASSIGNED TO THE SAUDI CAPITAL BY THE JOINT COMMISSION AND EXPERTS WOULD BE POSTED TO THE MINISTRIES AS REQUESTED BY SAG.

7. THE U.S. SIDE AGREED TO EVALUATE PROSPECTS FOR CORPS OF ENGINEERS TO UNDERTAKE CIVILIAN PUBLIC INFRA-STRUCTURE DESIGN AND SUPERVISION OF CONSTRUCTION NECESSARY FOR INDUSTRY ON AN INDIVIDUAL PROJECT BASIS.

8. TWO PETROMIN OFFICIALS WILL TOUR TVA IN SEPTEMBER WITH PARTICULAR EMPHASIS ON FERTILIZER PROGRAMS AND IT WAS AGREED TO HOLD ANOTHER MEETING OF THE WORKING GROUP ON INDUSTRIALIZATION IN WASHINGTON SEPTEMBER 23-25.

9. THE SAUDI SIDE PROBED U.S. INTENTIONS IN ALL FIELDS AND SAID THEY WERE EXTREMELY HAPPY THAT WE WERE SO INTERESTED IN THE EFFICIENT INDUSTRIALIZATION OF THE COUNTRY. EMBASSY OFFICERS TAKING PART IN THE DISCUSSIONS BELIEVE GOOD RAPPORT WAS ESTABLISHED AND THE GROUND-WORK LAID FOR A MAJOR NEW RELATIONSHIP THAT WILL BE MUTUALLY BENEFICIAL.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRIAL DEVELOPMENT, AGREEMENTS, SCIENTIFIC COOPERATION, TECHNICAL ASSISTANCE, COMMITTEE MEETINGS, INTERGOVERNMENTAL COOPERATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** kelleyw0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974RIYADH00032  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Line Count:** 141  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** USDEL RIYADH 29  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** kelleyw0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 AUG 2002 by boyleja>; APPROVED <24 FEB 2003 by kelleyw0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIRST WORKING GROUP (INDUSTRIALIZATION) AGREEMENT SIGNED  
**TAGS:** EAID, SA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005